1928

Circular File

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CLASSIFICATION FILE

This Stock has been purchased by us from individuals

10,000 Shares

Formerly

Weinberger Drug Stores, Inc.

110

(An Ohio Corporation)

Became Gray Drug Stores

No Par Common Capital Stock

Authorized:
30,000 Shares

Issued and Outstanding:
20,000 Shares

Registrar and Transfer Agent: The Merchants Trust & Savings Bank, Cleveland

Directors:

Adolph Weinberger
President

Maurice Gusman
Pres. The Merchants Trust & Savings Bank

Max E. Meisel
Attorney-at-Law

E. L. Worthington
Middleton, Worthington & Co.

Jos. Spivack
Vice Pres. Weinberger Drug Stores, Inc.

The Company has agreed to make application to list this stock on the Cleveland Stock Exchange.

This stock is offered by us when, as and if issued and received by us and subject to the approval of all legal proceedings in connection with this issue by Messrs. M. B. and H. H. Johnson for the bankers and Max E. Meisel, Esq., for the Company.

Price $21.00 per Share

The directors expect to place this stock on an annual dividend basis of $1.50 per share.

Middleton, Worthington & Co., Inc.

Bulkley Building, Cleveland, Ohio

Telephone Main 5556

The above information, upon which we have purchased this stock, while obtained from sources which we believe to be reliable, is not guaranteed by us.

Cleveland, Ohio
November 2nd, 1928

Messrs. Middleton, Worthington and Co., Inc.,
437 Bulkley Building,
Cleveland, Ohio.

Gentlemen:

In connection with your proposed purchase of 10,000 shares of the Common Capital Stock of "Weinberger Drug Stores, Inc.," I am glad to advise you as follows:

History and Business

"Weinberger Drug Stores, Inc.," has been organized under the laws of the State of Ohio with an authorized capital of 30,000 shares of fully paid, voting, non-assessable common stock of no par value, of which 20,000 shares will be issued and outstanding. The Company is organized to acquire the business here tofore conducted by companies wholly owned by me comprising six retail drug stores, five in Cleveland and one in Akron, a wholesale department, and the manufacture, packing and distribution of proprietary articles under well known trade names. The business being acquired by this new corporation was begun less than three years ago in one store at 817 Prospect Avenue, Cleveland, Ohio. From this small beginning it has been developed to its present size entirely by the reinvestment of earnings. Present stores are located at: 817 Prospect Avenue, Cleveland, Ohio; 206 Prospect Avenue, Cleveland, Ohio; 1960 East 105th Street, Cleveland, Ohio; 1929 West 25th Street, Cleveland, Ohio; 2020 East 105th Street, Cleveland, Ohio; Maas Department Store, Akron, Ohio.

Operations are conducted on the cash and carry plan, no accounts receivable being carried on the books and no deliveries being made.

Sales and Earnings

As audited by Messrs. Price, Waterhouse and Company, but adjusted for non-recurring executive salaries and for federal income taxes at the present rate of 12%, the sales and earnings have been as follows:

	Sales	Net Earnings	Annual Net Rate Per Share of Common Stock Presently Outstanding
1927	$331,882.97	$27,042.63	$1.35
1928 (first 9 months)	378,930.21	52,593.20	3.51

It is notable that these figures of sales and earnings do **not** include results from the Akron store which was opened only September 19th, 1928, and should favorably affect results for the full year 1928.

Management

I shall not only actively remain engaged in the management of the new Company, but retain a substantial interest in its stock. The managers and the assistant managers and other executives of the new corporation who have with me been responsible for the success of the old companies have without exception, voluntarily applied for the purchase of stock in the new corporation. From applications for stock on the part of the sales personnel and other employes, now in my hands, it would appear that the new corporation will have 100% stock ownership on the part of employes.

We have developed a unique system of rewarding employes for individual initiative, efficiency and loyalty. Our bonus distribution is based on earnings, thereby enabling us to reduce salary overhead to a minimum, at the same time increasing employes' income.

Expansion

We are now negotiating for the early opening of four new stores, the operation of which should materially increase the earning power of the new corporation. Competent men, trained in our organization and familiar with our system of operation are now available for this expansion program.

Dividend

The Directors of the company expect to place the stock of the new corporation on an annual dividend basis of $1.50 per share.

The Company will make application to list its stock on the Cleveland Stock Exchange.

Balance sheet of the new corporation giving effect to the acquisition of the properties as aforesaid based on audits by Messrs. Price, Waterhouse and Company is hereto attached.

Yours very truly,

Adolph Weinberger

Weinberger Drug Stores, Inc.

Pro-Forma Balance Sheet as of September 30, 1928

Prepared from the accounts of predecessor companies as audited by Messrs. Price, Waterhouse & Co., but adjusted to give effect to the formation of the new company and to the acquisition of the net assets of the predecessor companies

ASSETS

CURRENT ASSETS:		
Cash	$71,256.55	
Accounts receivable	2,387.37	
Due from employees	1,003.80	
Inventories of merchandise	140,341.02	$214,988.74
MISCELLANEOUS INVESTMENTS		1,436.57
FURNITURE AND FIXTURES (At depreciated values)		28,839.84
PREPAID INSURANCE, ETC.		357.31
		$245,622.46

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable—Trade Creditors	$46,334.25	
Notes payable—Trade	511.40	
Accrued taxes, payroll, etc.	8,334.50	$ 55,180.15
CAPITAL STOCK AND INITIAL SURPLUS		
20,000 shares of no par value		
Declared value	$100,000.00	
Paid in surplus	90,442.31	190,442.31
		$245,622.46

The above information, upon which we have purchased this stock, while obtained from sources which we believe to be reliable, is not guaranteed by us.